

## Message Text

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PAGE 01 ABU DH 00892 021109Z  
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05  
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07  
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /139 W  
-----081431 021112Z /20

R 020813Z MAR 78  
FM AMEMBASSY ABU DHABI  
TO SECSTATE WASHDC 7610  
INFO RUQMOD/AMEMBASSY DOHA 1011  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT  
AMEMBASSY LONDON  
AMEMBASSY MANAMA  
AMEMBASSY MUSCAT  
AMEMBASSY TEHRAN

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E.O. 11652: N/A  
TAGS: ENRG, EINV, TC, IR  
SUBJECT: LETTER FROM CRESCENT PETROLEUM TO RULER OF SHARJAH  
  
REF: ABU DHABI 0891

FOLLOWING IS TEXT OF LETTER DATED MARCH 22, 1978 ON BUTTES GAS &  
OIL CO., INTERNATIONAL LETTERHEAD TO RULER OF SHARJAH.

BEGIN TEXT:

H.J. SHAIKH SULTAN BIN MOHAMED AL-QASIMI  
RULER OF SHARJAH & DEPENDENCIES

SHARJHA, UNITED ARAB EMIRATES  
AFTER GREETING,  
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WE ARE IN RECEIPT OF THE LETTER OF YOUR HIGHNESS DATED  
FEBRUARY 25, 1978, NOTIFYING US THAT, EFFECTIVE RETRO-  
ACTIVELY TO JULY 1, 1976, THE INCOME TAX RATE ON OUR  
OPERATIONS UNDER THE AGREEMENT ON DECEMBER 29, 1969,  
NOW 55 PERCENT, SHALL BE 77 PERCENT, AND THE ROYALTY RATE,  
NOW 12.5 PERCENT, SHALL BE 14.5 PERCENT.

WE REGRET VERY MUCH THAT WE CANNOT AGREE TO SUCH INCREASES, AND WOULD RESPECTFULLY LIKE TO REMIND YOUR HIGHNESS THAT, DESPITE OUR PREVIOUSLY EXPRESSED READINESS TO REACH A MUTUALLY ACCEPTABLE SETTLEMENT OF THIS ISSUE, IT HAS ALWAYS BEEN THE COMPANY'S POSITION THAT, UNDER THE PROVISIONS OF ARTICLE 37 ("BETTER TERMS"), AN INCREASE IN TERMS CAN BE MADE APPLICABLE ONLY BY AGREEMENT OR AS THE RESULT OF ARBITRATION, AND THAT THERE IS NO BASIS FOR SUCH AN INCREASE.

FORTUNATELY, THE AGREEMENT OF DECEMBER 29, 1969, IN ARTICLE 34, PROVIDES A MEANS FOR THE IMPARTIAL DETERMINATION OF DISAGREEMENTS SUCH AS THIS. ACCORDINGLY, WE REQUEST ARBITRATION PURSUANT TO THAT ARTICLE.

IN ACCORDANCE WITH ARTICLE 34(B), WE HEREBY NOMINATE AS OUR ARBITRATOR DR. MYRES MCDUGAL, WHOSE ADDRESS IS YALE LAW SCHOOL, NEW HAVEN, CONNECTICUT. WE RESPECTFULLY REQUEST YOUR HIGHNESS TO NOMINATE AN ARBITRATOR FOR SHARJAH WITHIN 60 DAYS, AS PRESCRIBED BY THAT ARTICLE, THE TWO ARBITRATORS SO NAMED TO AGREE UPON A REFEREE, AND TO PROCEED AS THEREIN PROVIDED.

WHILE WE BELIEVE THAT THE ARBITRATION SHOULD PROCEED AS EXPEDITIOUSLY AS POSSIBLE, WE ARE READY TO EXPLORE EVERY LIMITED OFFICIAL USE

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POSSIBLE AVENUE TOWARD AMICABLE SETTLEMENT OF THIS DISPUTE, WHILE THE ARBITRATION CONTINUES.

PLEASE ACCEPT OUR HIGHEST RESPECT AND REGARDS,  
BUTTES GAS & OIL CO., INTERNATIONAL BY EDGAR W. WELLBAUM;  
ADVANCE PETROLEUM LIMITED, BY RICHARD A. WASTINEYS;  
CITCO-MID EAST, INC., BY MAX R BOLICH;  
KERR-MCGEE EASTERN COMPANY, BY C.F. MIEUR;  
SKELLY INTERNATIONAL OIL COMPANY, BY H. WINETT;  
JUMPER PETROLEUM CORPORATION, BY RICHARD J. HEIDER.  
END TEXT  
DICKMAN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, POLICIES, ARBITRATION, TAXES, FOREIGN INVESTMENTS, INCOME TAXES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978ABUDH00892  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780143-0189  
**Format:** TEL  
**From:** ABU DHABI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t197803117/aaaadvae.tel  
**Line Count:** 106  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** ccef3dba-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 ABU DHABI 891  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3147375  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LETTER FROM CRESCENT PETROLEUM TO RULER OF SHARJAH  
**TAGS:** ENRG, EINV, TC, IR, CRESCENT PETROLEUM, CRECENT PETROLEUM, (AL QASIMI, SHAIKH SULTAN BIN)  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/ccef3dba-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
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